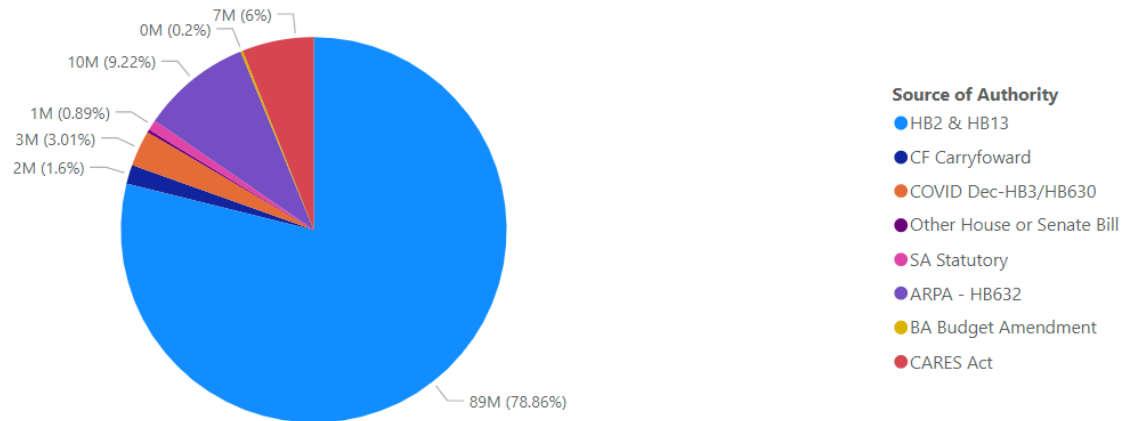


DEPARTMENT OF LABOR AND INDUSTRY (DOLI)

TOTAL APPROPRIATION AUTHORITY

The total appropriation authority for the agency is shown in the pie chart below. HB 2 and HB 13 provide 78.9% of the total authority for this agency. All types of appropriation authority for this agency are described below, including total budget and the percent expended by source of authority.

Total Modified Budget by Source of Authority



Source of Authority	Modified Budget	Expended Budget	Percent Expended
HB2 & HB13	89,219,058	29,103,114	32.6%
CF Carryforward	1,805,621	15,271	0.8%
COVID Dec-HB3/HB630	3,406,051	226	0.0%
Other House or Senate Bill	259,317	11,587	4.5%
SA Statutory	1,003,385	382,227	38.1%
ARPA - HB632	10,425,000		
BA Budget Amendment	224,215	123,017	54.9%
CARES Act	6,786,841	1,001,125	14.8%
Total	113,129,487	30,636,567	27.1%

FiscalMonth

- ☐ Select all
- ☒ Jul
- ☒ Aug
- ☒ Sep
- ☒ Oct
- ☒ Nov
- ☐ Dec
- ☐ Jan
- ☐ Feb
- ☐ Mar
- ☐ Apr
- ☐ May
- ☐ Jun

Budget Amendments

Budget amendments account for approximately \$224,000 or less than 1.0% of the agency's total modified budget for FY 2022. Currently, there are two budget amendments from federal special revenue accounts. The largest is for the Work Opportunities Tax Credit Program (\$180,000), which gives employers a tax credit if they hire qualified individuals with substantial barriers to employment. The second is for the Montana community service projects in the Office of Community Services (OCS; \$44,000). To date, the agency has expended \$123,000 or 54.9% of these budget amendment appropriations.

Carryforward

DOLI has \$1.8 million or 1.6% of the total FY 2022 modified budget in carryforward authority. Almost all of the carryforward authority is from the employment security account, a state special revenue account that receives

funds from an administrative assessment against payroll of Montana employers. Statute enumerates the uses of this fund. The agency anticipates all of these funds to be expended in FY 2022. However, only \$15,000 has been expended to date.

Other Bills

The agency has \$259,000 or less than 1.0% appropriated from other house and senate bills. The majority of the funding comes from SB 191 for the following bills:

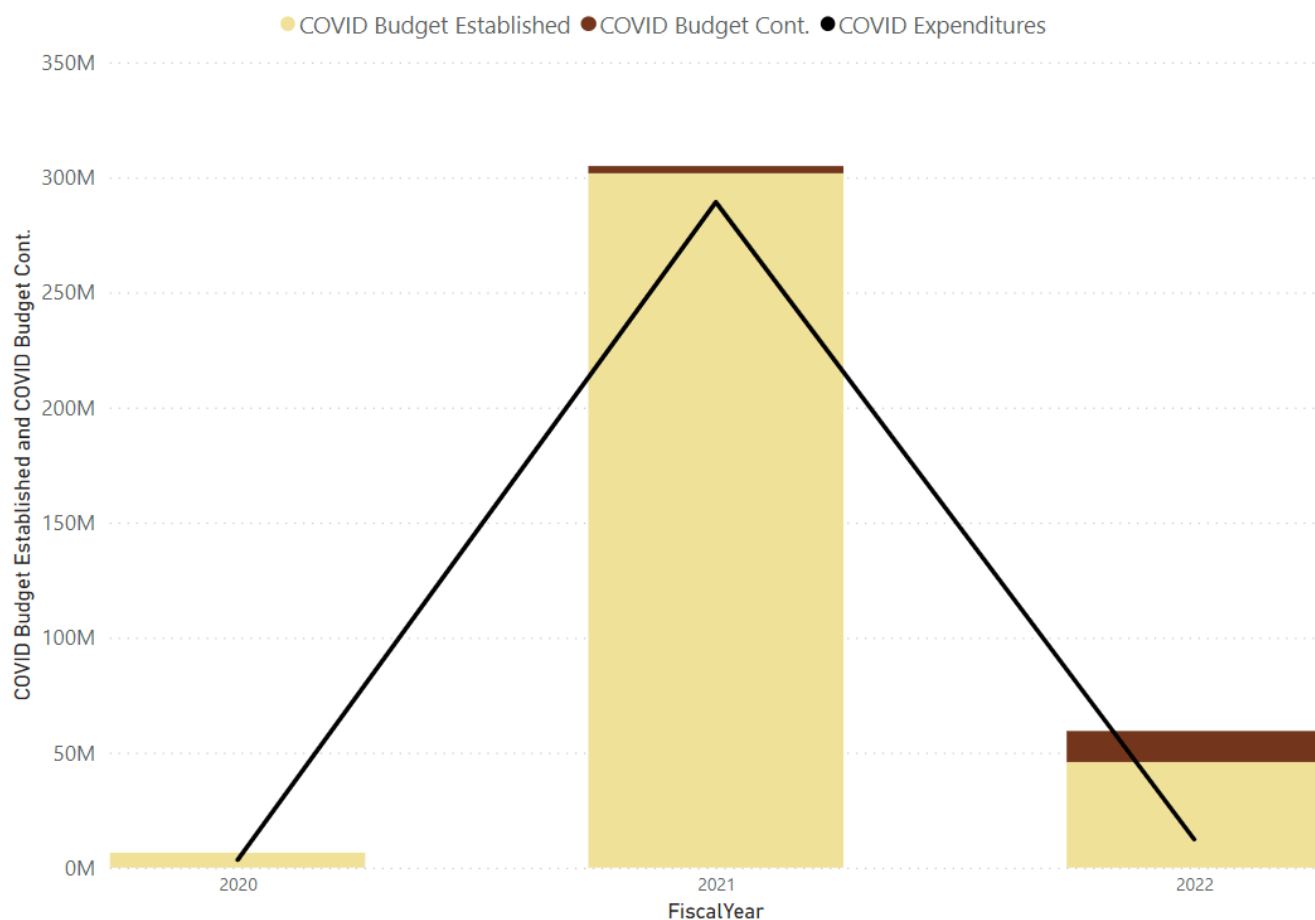
- HB 198 – increased the maximum amount workers’ compensation benefits will pay for burial expenses (\$2,692)
- HB 210 – licensure of speech-language pathology and audiology assistants (\$24,971)
- HB 217 – licensure of genetic counselors (\$51,762)
- HB 276 – adds a behavioral health peer support specialist to the Board of Behavioral Health (\$4,158)
- HB 495 – creates a health care provider task, which DOLI will provide clerical and administrative services. This appropriation is one-time-only (OTO; \$2,480)
- HB 593 – revision to barber and cosmetology laws (\$10,119)
- HB 702 – for legal costs associated with prohibition of discrimination based on vaccination status or having an immunity passport (\$98,694)
- SB 106 – licensure and establishment of qualifications for veterinary technicians (\$27,415)
- SB 39 – revision of laws related to sexual offender evaluations and treatments (\$27,912)
- SB 396 – revision to laws applying to boilers. Creates a limited low-pressure engineer license and allows DOLI to assess fees for licensing. This appropriation is OTO (\$1,176)
- SB 374 – revision to laws relating to dispensing of drugs by medical practitioners (\$6,150)

Of these appropriations, only \$12,000 has been expended to date. However, the agency anticipates expending all of these funds by the end of the fiscal year.

COVID-19 Authority

The following chart is provided to allow the legislature to examine the funding that is available to the agency for COVID-19 impacts. Administrative authority for CARES I and ARPA appropriations was allocated to the agency by the Governor’s Office. Administrative authority is not an appropriation and thus is not included in the total appropriation authority shown on the previous page.

COVID Established Budget, COVID Continuing Budget, and COVID Expenditures by Fiscal Year



	Total		
COVID Source	COVID Budget Established	COVID Budget Continued	COVID Expenditures
CARES I (Plus Fed HR 6074 & 6201, 266)	309,528,632	8,288,159	299,978,586
CARES II (HB 3 & HB 630	5,251,366	3,406,051	1,845,541
ARPA (HB 632)	37,350,000	4,933,938	3,455,816
Total	352,129,998	16,628,147	305,279,943

From the Coronavirus Aid, Relief, and Economic Security (CARES) Act I, the agency received approximately \$309.5 million and expended \$300.0 million or 96.9%. The majority of this funding (\$212.5 million) was used to increase the balance of the unemployment insurance trust fund as the high number of unemployment insurance claimants substantially reduced the balance. Approximately, \$98.1 million was for the administration and payment of federal unemployment insurance benefit programs in the Unemployment Insurance Division (UID).

The remaining funds were allocated, as follows:

- Workforce Services Division (WSD; \$803,000) – \$220,000 from the Governor’s Emergency Education Relief Grant (GEER) to help schools with COVID related needs and \$582,750 from the United States Department of Labor for the National Dislocated Worker Grant to provide training and supportive services for individuals affected by the pandemic
- Commissioner’s Office and Centralized Services Division (CSD; \$281,000) – funds to purchase cleaning and safety supplies for COVID, as well as to pay for employee overtime related to the pandemic across the department

In the CARES Act II, implemented through HB 630, the agency received approximately \$5.3 million and expended \$1.8 million or 35.1%. These funds were for the administration of the UID and the federal unemployment insurance benefit programs. These funds will be available until June 30, 2023.

The American Rescue Plan Act (ARPA) provided \$5.5 million for the OCS and \$5.2 million for unemployment insurance administration, which were appropriated through HB 632. These funds are available until December 31, 2024. From the coronavirus state and local fiscal recovery funds, the WSD received \$15.0 million for return-to-work bonuses, \$10.0 million for the Rapid Retraining Program, and \$2.0 million for the Individuals with Disabilities Employment Engagement Program. The return-to-work bonus program provided funds for individuals who attained employment through October 31, 2021. As of October 19, 2021, only \$2,125,200 was distributed through the program. It was proposed and approved that of the remaining return-to-work bonus funds, \$4,350,000 (\$4.0 million to DOLI for implementation and administration and \$350,000 to the Department of Commerce for marketing) will be used for recruitment and employment of out-of-state health care workers. Additionally, all other remaining unused funds will be allocated for the Business Innovation Program.

Statutory Appropriations

Statutory appropriations account for \$1.0 million or less than 1.0% of the total FY 2022 modified budget for DOLI. Statutory appropriations are for the following funds:

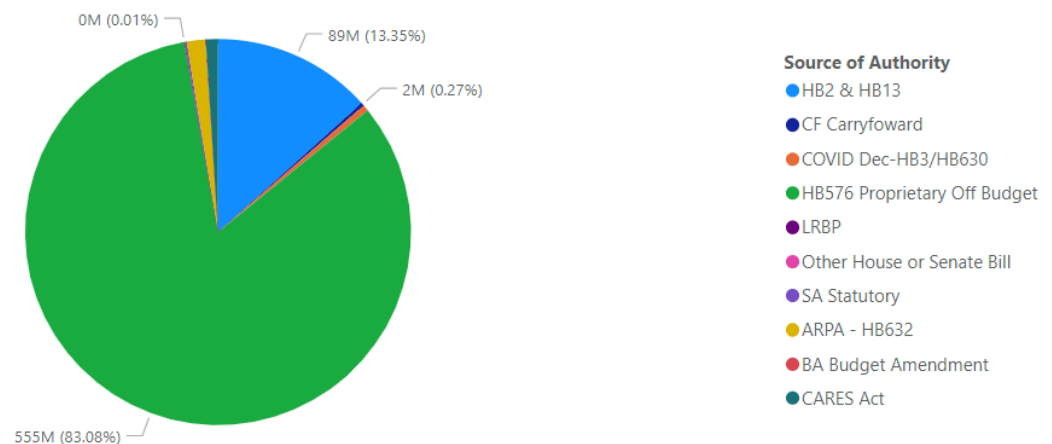
- Uninsured employer fund (UEF)- The UEF is a state special revenue fund that ensures employees who are injured on the job while working for an uninsured employer receives the full benefits by collecting penalties from uninsured employers. The majority of the agency’s statutory appropriations are for the UEF (47.4%). For FY 2022, \$475,000 was appropriated for the UEF, of which \$229,000 or 48.3% has been expended
- Real estate recovery – The real estate recovery fund compensates Montana real estate licensees who have unsatisfied legal judgments. For FY 2022, \$1,000 was appropriated and there have been no expenditures
- Board of Public Accountants – The Board of Public Accountants is responsible for regulating certified public accountants and their firms to ensure they are compliant with the professional standards and the laws set by the state of Montana. Approximately \$369,000 was appropriated in FY 2022 and \$81,000 or 22.0% has been expended thus far
- Underground Facility Protection Program – This program was created in 2017 when HB 365 became law. Statute requires the Department of Labor and Industry to have a program that monitors, maintains records, and issues civil penalties for incidents where underground facilities are damaged during excavations. In FY 2022, \$96,000 was appropriated and \$71,000 or 74.2% has been expended

- Board of Real Estate Appraisers – Due to the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, every state was required to establish an agency for the licensure, certification, and regulation of real estate appraisers. Of the \$62,500 that has been appropriated for FY 2022 only \$560 has been expended

TOTAL EXPENDITURE AUTHORITY

The total expenditure authority for the agency is shown in the following pie chart. Total expenditure authority includes non-budgeted proprietary funding and non-budgeted expenditures such as transfers or indirect costs which are not included in the previous pie chart as the expenditures are not appropriated.

Modified Budget and Expended Budget by Source of Authority



Source of Authority	Modified Budget	Expended Budget	Percent Expended
HB2 & HB13	89,219,058	29,102,809	32.6%
CF Carryforward	1,805,621	15,271	0.8%
COVID Dec-HB3/HB630	3,406,051	226	0.0%
HB576 Proprietary Off Budget	555,296,325	39,942,176	7.2%
LRBP	88,375		
NB Non-Budgeted		651,226	Infinity
Other House or Senate Bill	170,942	11,587	6.8%
SA Statutory	1,003,385	382,227	38.1%
ARPA - HB632	10,425,000		
BA Budget Amendment	224,215	123,017	54.9%
CARES Act	6,786,841	1,001,125	14.8%
Total	668,425,812	71,229,665	10.7%

FiscalMonth

- ☐ Select all
- ☒ Jul
- ☒ Aug
- ☒ Sep
- ☒ Oct
- ☒ Nov
- ☐ Dec
- ☐ Jan
- ☐ Feb
- ☐ Mar
- ☐ Apr
- ☐ May
- ☐ Jun

The Department of Labor and Industry has approximately \$555.3 million in non-budgeted proprietary funding for FY 2022, of which \$39.9 million or 7.2% has been expended. The majority of this funding is for the unemployment insurance (UI) tax benefit fund which distributes UI benefits to claimants. Lower expenditures are due to the agency receiving COVID funds to increase the UI trust fund balance. Other sources of this funding are for the Technology Services Division (TSD) and the CSD services.

The agency has expended non-budgeted funds totaling \$651,000. This is a primarily used as a holding account for expenses in the WSD that are allocated across all programs monthly. By year end these funds are allocated to the appropriate fund within HB 2 authority. Additionally, this fund includes expenditures for conference costs,

the Organ Donor Program in the Office of Community Services, and the Governor's scholarship fund for youth which will be reimbursed later.

HB 2 BUDGET MODIFICATIONS

The following chart shows the HB 2 budget as passed by the legislature, including the pay plan, and the HB 2 modified budget through November 30, 2021. Net modifications to the budget include operating plan changes from one expenditure account to another, program transfers, reorganizations, and agency transfers of authority. The **positive modifications** and **negative modifications** are shown by program, expenditure account, and fund type.

Legislative Budget Compared to Modified Budget - HB 2 Only			
Agency Name	Legislative Budget	Modified Budget	Net Modifications
Labor & Industry	89,219,058	89,219,058	0
BUSINESS STANDARDS DIVISION	19,745,790	19,627,505	-118,285
COMMISSIONERS OFFICE & CSD	1,108,177	1,622,197	514,020
EMPLOYMENT RELATIONS DIVISION	15,143,146	15,031,521	-111,625
OFFICE OF COMMUNITY SERVICES	4,123,086	4,119,072	-4,014
UNEMPLOYMENT INSURANCE DIV	17,519,495	17,434,262	-85,233
WORKERS COMPENSATION COURT	796,425	789,338	-7,087
WORKFORCE SERVICES DIVISION	30,782,939	30,595,163	-187,776
Total	89,219,058	89,219,058	0
Acct & Lvl 1 DESC	Legislative Budget	Modified Budget	Net Modifications
61000 Personal Services	50,027,826	49,889,670	-138,156
62000 Operating Expenses	28,103,851	28,648,851	545,000
63000 Equipment & Intangible Assets	505,849	505,849	0
66000 Grants	9,822,636	9,402,761	-419,875
67000 Benefits & Claims	100,389	100,389	0
68000 Transfers-out	417,333	430,364	13,031
69000 Debt Service	241,174	241,174	0
Fund Type	Legislative Budget	Modified Budget	Net Modifications
01 General	2,032,615	2,032,615	0
02 State/Other Spec Rev	53,096,307	53,095,599	-708
03 Fed/Other Spec Rev	34,090,136	34,090,844	708

Modifications made to the FY 2022 budget include a reallocation of the additional 1.0% vacancy savings that was passed during the 2021 Legislative Session. Initially, the 1.0% vacancy savings was entirely allocated to the Commissioner's Office and Centralized Services Division with language in HB 2 allowing DOLI to allocate the reduction to its divisions. DOLI redistributed the additional 1.0% vacancy savings across all agency programs, thus reducing all programs FY 2022 budget except for the CSD.

DOLI also reduced their personal services and grants budget and increased their operating expense budget for FY 2022. The 2021 Legislature reduced operating expenses supported by state special revenue in the Montana HELP Act account. At the time, there was not enough appropriation authority in the expenditure account. Therefore, the reduction was taken out of operating expenses. The agency made an adjustment to move the appropriations back into the appropriate account levels by reducing personal services (-\$233,156) and grants (-\$406,844) and increasing operating expenses (\$640,000).

During the 2021 Legislative Session the occupational health and safety surveillance grant was established in HB 2, as the grant is ongoing and had been appropriated in prior years under budget amendment authority. To meet the requirements of this grant DOLI believes 1.00 FTE is needed. However, the 2021 Legislature did not approve funding for a new FTE, instead appropriations for operating expenses were approved. A vacant HB 2 FTE was identified in the Employment Relations Division and the agency transferred the \$95,000 appropriated in the 2021 Session from operating expenses to personal services. The personal services funding for the vacant FTE remained in the Employment Relations Division.

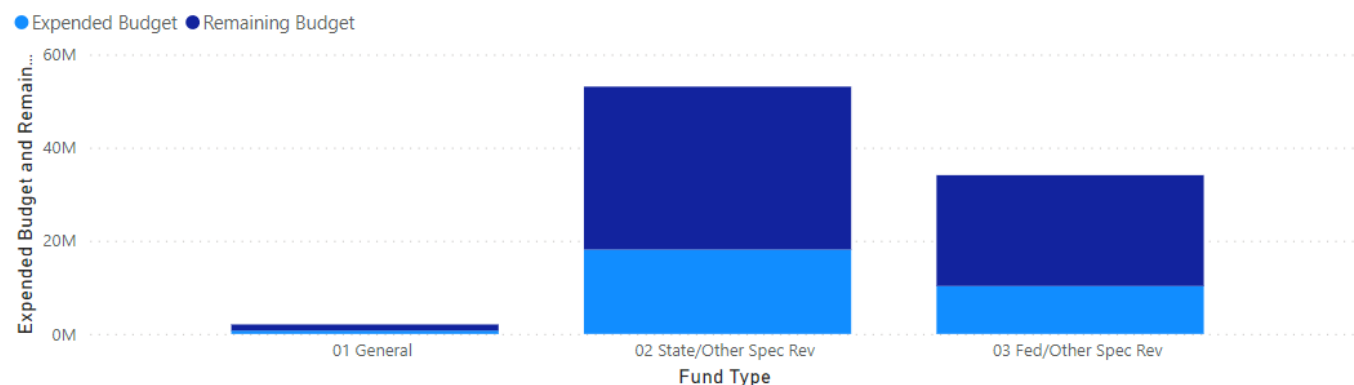
The Montana State Parks Division in Fish, Wildlife and Parks was awarded an AmeriCorps Service Contract starting January 1, 2021 through December 31, 2021. The funds for this project come from the Office of Community Services transfer account. The division did not have sufficient funds in the transfers account to cover the remaining amount needed for this award. Therefore, \$13,031 was transferred from the grant's expenditure account to the transfers expenditure account.

Finally, there was a transfer of \$708 from state special revenue to federal special revenue. During the reallocation of the 1.0% vacancy savings this transfer took place. However, DOLI is working to reverse this transfer of authority.

HB 2 APPROPRIATION AUTHORITY

The following chart shows the appropriated budget for the agency compared to expenditures through November 30, 2021.

Expended Budget and Remaining Budget by Fund Type - HB 2 Only



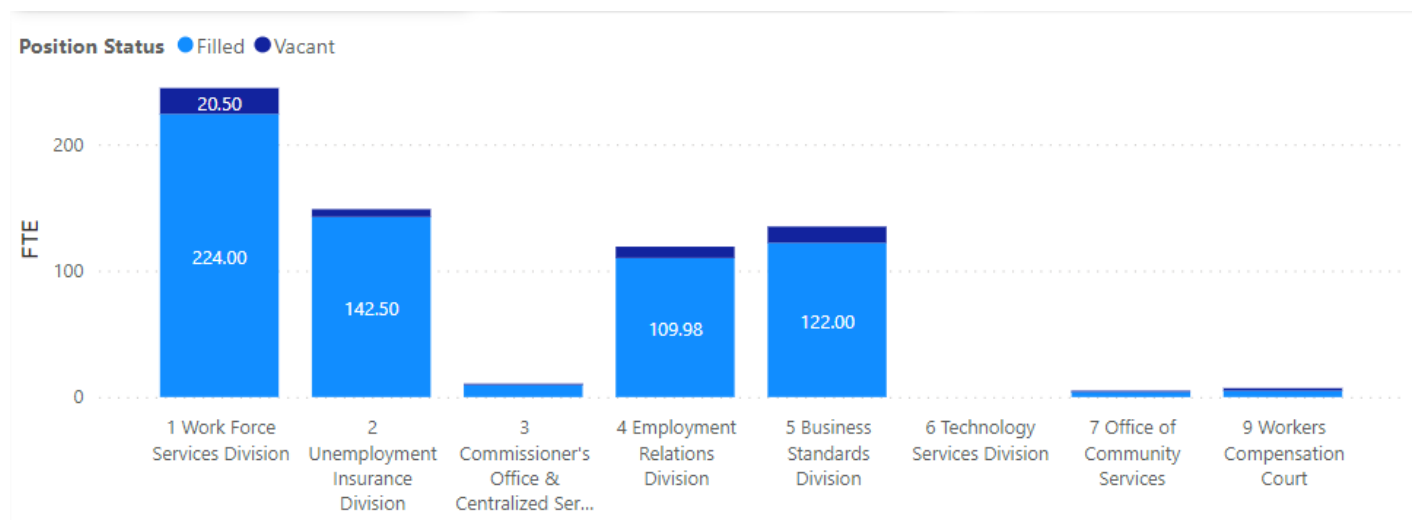
acclv1_descr	Modified Budget	Expended Budget	Percent Expended
⊞ Personal Services	49,889,670	17,767,231	35.6%
⊞ Operating Expenses	28,648,851	8,077,248	28.2%
⊞ Equipment & Intangible Assets	505,849		
⊞ Grants	9,402,761	3,058,291	32.5%
⊞ Benefits & Claims	100,389	10,150	10.1%
⊞ Transfers-out	430,364	128,804	29.9%
⊞ Debt Service	241,174	61,388	25.5%

Program Name	Modified Budget	Expended Budget	Percent Expended
☐ BUSINESS STANDARDS DIVISION	19,627,505	6,349,277	32.3%
☐ COMMISSIONERS OFFICE & CSD	1,622,197	538,649	33.2%
☐ EMPLOYMENT RELATIONS DIVISION	15,031,521	5,155,297	34.3%
☐ OFFICE OF COMMUNITY SERVICES	4,119,072	1,616,564	39.2%
☐ UNEMPLOYMENT INSURANCE DIV	17,434,262	6,071,921	34.8%
☐ WORKERS COMPENSATION COURT	789,338	245,977	31.2%
☐ WORKFORCE SERVICES DIVISION	30,595,163	9,125,430	29.8%
Total	89,219,058	29,103,114	32.6%

The agency has approximately \$89.2 million in HB 2 authority for FY 2022, of which the agency has expended \$29.1 million or 32.6%. The majority of the agency's HB 2 funding is in state special revenue for personal service expenditures. All expenditures are within normal spending ranges for the first five months in the fiscal year.

Personal Services

The following chart shows the filled and vacant FTE within the agency as of November 1, 2021.

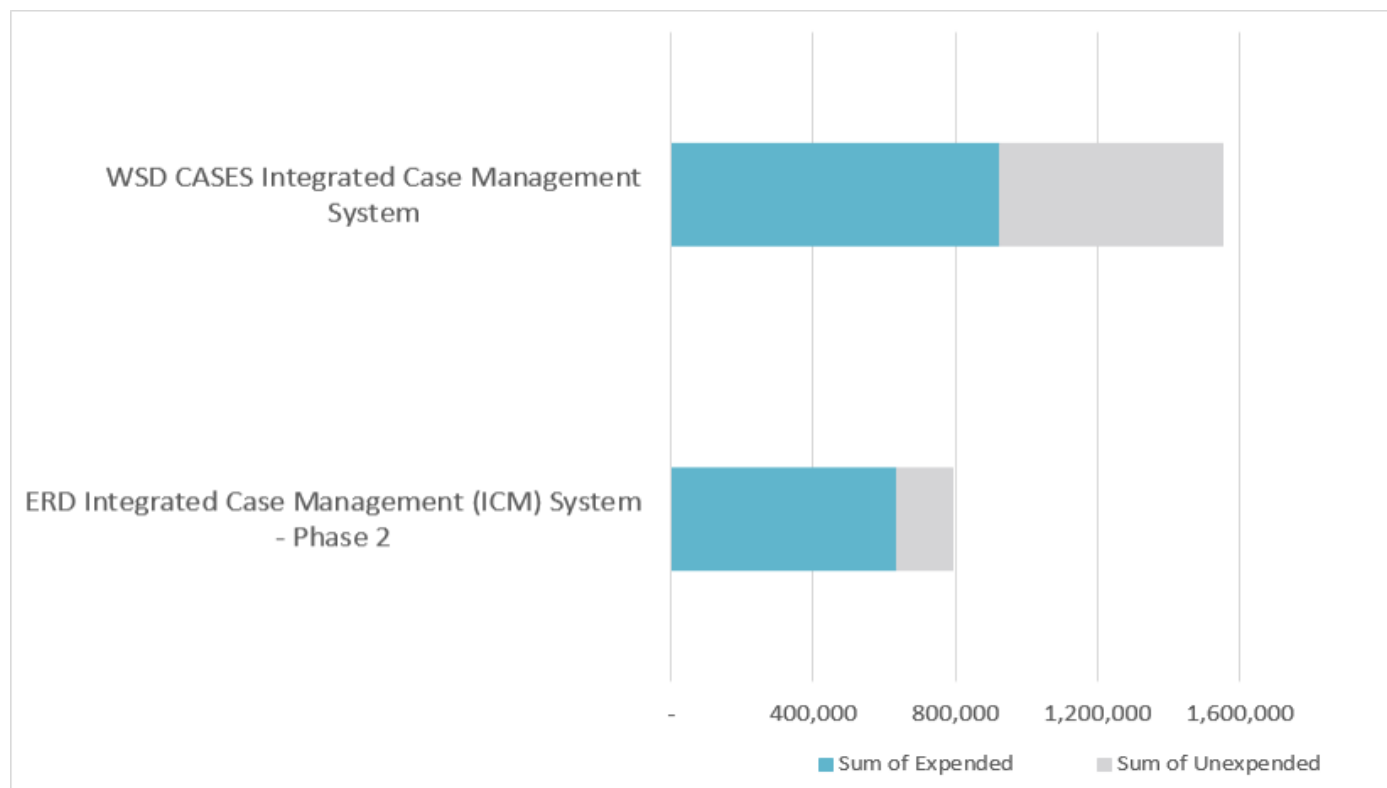


For FY 2022, the agency's HB 2 personal services budget totals \$49.9 million, of which approximately \$17.8 million or 35.6% of the budget has been expended through the end of November. As of November 1, 2021, the agency had 669.48 FTE with 52.50 FTE or 7.8% of the total FTE vacant. The majority of these vacancies (20.50 FTE) are in the WSD, however that is also the largest program within the agency.

In FY 2022, DOLI had 80 positions receive longevity pay increases and 15 positions receive career ladder pay increases. The agency does not anticipate expenditures greater than their FY 2022 personal services budget.

OTHER ISSUES

Information Technology Project Expenditures



Large Information Technology Projects Original and Revised Delivery Date				
Project	Start Date	Original Delivery Date	Revised Delivery Date	Change from Original Delivery Date
ERD Integrated Case Management (ICM) System - Phase 2	1/4/2021	11/30/2021	3/31/2022	36.7%
WSD CASES Integrated Case Management System	7/1/2020	9/30/2021	3/1/2022	33.3%

Large Information Technology Projects Original and Revised Budgets			
Project	Original Budget	Revised Budget	Change from Original Budget
ERD Integrated Case Management (ICM) System - Phase 2	885,000	790,000	-10.7%
WSD CASES Integrated Case Management System	1,550,000	1,550,000	0.0%

- Employment Relations Division
 - Integrated Case Management System Phase 2
 - The purpose of this project is to implement the case management solution as identified in phase 1 of this project to meet the needs of the Compliance and Investigation Bureau in the Employment Relations Division. This project is currently 60.0% complete with an initial estimated delivery date of November 30, 2021. This delivery date has been revised

to March 31, 2022 and the budget was reduced by \$95,000 after completing phase 1 of this project

- Workforce Services Division
 - CASES Integrated Case Management System
 - This project was to update software and invest in a case management commercial-off-the-shelf solution to be integrated into the MontanaWorks platform while meeting the Workforce Innovation & Opportunity Act requirements. This project has been cancelled after the agency expended \$923,200 of the \$1.6 million budget and completing approximately 50.0% of the project. DOLI leadership determined that this project should be cancelled due to concerns with cost and resources needed to implement changes and maintain the system. DOLI also has a lack of confidence that the system could be delivered by the vendor